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STATISTICAL BULLETIN

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THE CONFERENCE BOARD

comment Exactly one year ago, we said here that the economic pulse readings were surprisingly healthy for a patient many suspected was about to undergo a bout of recession. Now in retrospect, one can say that the patient's description was correct, but the prognosis proved premature. But while economic activity in 1979 cannot be labeled recessionary, it was hardly robust. Now, twelve months later, the patient's condition is considerably weaker—too weak, in fact, to expect it to continue to fight off the pressures of recession. The weakness in consumer markets, that was a major concern at this time last year, remains troublesome. On the other hand, this time last year there was considerable strength in capital markets. That strength, however, has been eroded by the slowdown in retail sales as well as by sharply higher borrowing costs. After all is said and done, it turns out that the economic outlook in early 1980 is remarkably similar to that of early 1979.

Only a few months ago, there were some quite vigorous signs of life in the economy. For example, retail sales, adjusted for inflation, had risen in both August and September—and the gains were much larger for the cyclically sensitive durable goods than for the nondurables. By November, however, total retail sales had fallen off by 1.7%, and sales of durable items had declined by 5.8 percent. That the spurt in consumer buying was so short-lived is not at all surprising. It was financed in large part by stepped-up borrowing. Consumers, however, were already heavily in debt. That fact, together with the hike in interest rates in October, led to a slowing in the flow of credit which dampened the spurt in consumer buying.

The inventory buildup that took place in the first half of 1979 was arrested by the spurt in sales in August and September. But once sales started to fall off again, there was a tendency for inventories to begin accumulating. Earlier in the year, it was possible to finance an inventory accumulation with an interest rate that was exceeded by the rate of inflation. That was one factor in business reluctance to alter production schedules; consequently, industrial production continued to expand moderately. Layoffs, with the exception of the automotive industry, were few. By October, however, the interest rates had been raised to a level higher than the rate of inflation, which made inventory financing more costly than it had been earlier. Avoiding production cutbacks had then become more difficult. And, by November, it seemed apparent that industrial production, as well as capacity utilization, was on a downward trend.

One puzzling part of the economic picture has cleared up a bit of late. While the pace of economic activity slowed in the first half of 1979, help-wanted advertising volume declined but the unemployment rate remained at or just under the 6% level. Then, while activity was picking up in pace, The Conference Board's *Help-wanted Index* regained all of that earlier drop. And the strength of labor market activity, whether the hiring had been in response to actual or anticipated needs, clearly helped to bolster consumer attitudes, as indicated by the gains registered in The Conference Board's measure of *Consumer Confidence*. Consumers, feeling a little less uneasy about the economy (especially about the prospect of being laid off) then stepped up their spending—on credit.

With sales once again falling off, and industrial production inching downward, efforts to find additional workers could be expected to slacken. And, indeed, job advertising declined sharply in November. It would thus seem likely that consumer attitudes reflect a little more unease about the economy in general (and prospects of being laid off in particular) than they had in late Summer and early Fall. The *Consumer Confidence Index* remained level in November and then declined in December. Its companion series, the *Buying Plans Index,* which generally exhibits a more volatile behavior, decreased sharply in both months.

The composite index of *Leading Economic Indicators* was 4.3% lower this November than last, and, in fact, has declined by 2.2% in just the latest three months. This series, which generally foreshadows broad movements in the economy, is clearly indicating that not only has the economy weakened in the last few months but that it will weaken further before any major new strength develops. The *Economic Forecasts* indicate that real GNP probably declined at a seasonally adjusted 0.6% annual rate (median of the forecasts) in the fourth quarter of 1979. (That view is a little bit more pessimistic than the so-called "flash" report

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made public by the Department of Commerce in early January). In any event, whether the economy actually contracted in that quarter or was just very sluggish, the *Economic Forecasts* all indicate the first two, and possibly even three, quarters of 1980 will see recessionary conditions prevailing. The median forecast is that real output will decline at a substantial 3.7% rate in the first quarter of 1980 and then decrease by 1.7% in the second quarter.

Some of the forecasts, including that from The Conference Board, anticipate that the recession will continue into the third quarter of 1980. These forecasts generally indicate a return of growth in economic activity in the fourth quarter, albeit at a quite sluggish pace, and that the new expansionary period, will not begin until about this time next year. Other, more optimistic, forecasts suggest the period of sluggish growth will begin in the third quarter of 1980 and economic activity will resume expansion in the fourth quarter.

Prospects for the course of the inflationary spiral appear to be the most troublesome part of the economic prognosis. The rate of inflation, as measured by the implicit price deflator for GNP, had improved to 8.2% in the third quarter of 1979—from a 9.2% rate in the second quarter. The *Economic Foreasts* indicate inflation again hit 9.6% in the fourth quarter of 1979. The expectation is that it will slow to no more than 7½% by mid-1981 before taking off again on a new round of inflation.

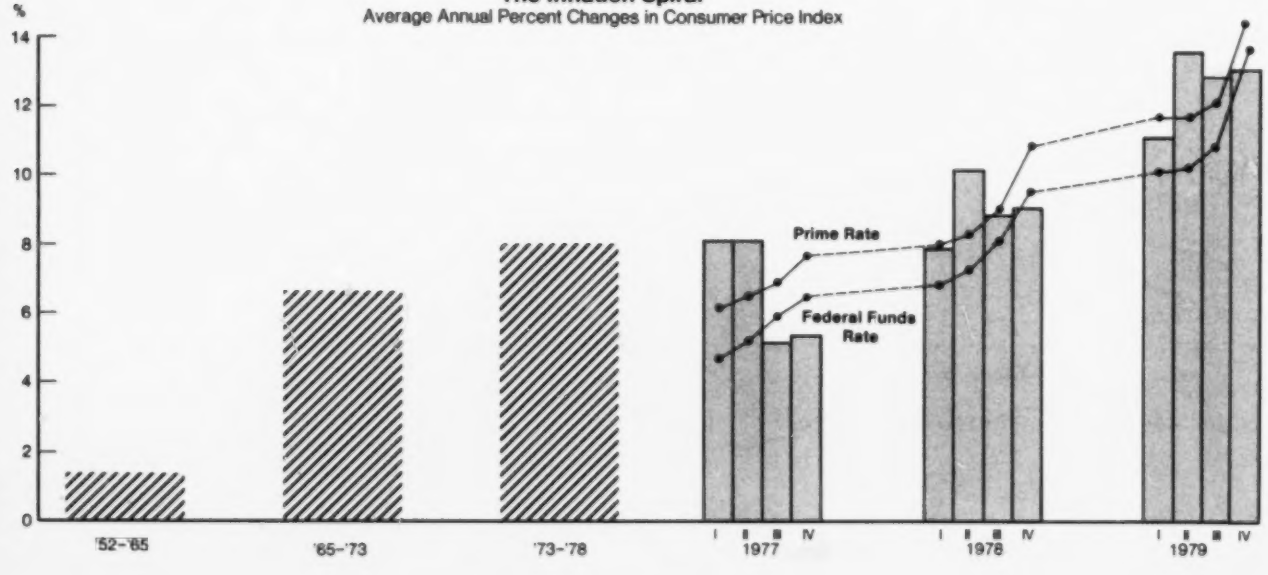
In an effort to contain the inflationary spiral, the Federal Reserve moved this past October to a new policy of putting its short-term attention more on the money supply and less on interest rates. The effect of this change had been expected to be a steadier course in the expansion of money while interest rates would be more volatile than in the past. The immediate goal was stated to be the constraining of growth in money and credit.

It seems clear that credit expansion, to both consumers and business, has indeed dampened. Money supply expansion has also slowed a little, though it continues to exceed the longer term target ranges. Data on the *Money Supply and Monetary Growth Targets* chart show that the Federal Funds rate—the rate at which banks borrow excess reserves from each other—is behaving quite a bit more volatilely than previously. Hence, one could conclude that the new policy is having the market effects advertised for it. Whether it will in the end have the planned anti-inflationary effect depends on many factors, including the continuing policy judgments of the Federal Reserve. At the moment, with recession imminent—if not already begun—many observers think the Fed may be in the position of "too late to tighten, too early to ease." But whatever policy stance is followed—in the monetary area, in the budget, or on the wage-price guidelines—the news about prices is going to remain very bad for at least the next several months. That much is guaranteed by the already-determined course of energy prices. In this short-run context, policy is irrelevant. Over the long-term, of course, it is most crucial in terms of limiting price increase, maintaining the value of the currency, and sustaining an adequate pace of economic expansion.

Ken Goldstein

The Inflation Spiral

Average Annual Percent Changes in Consumer Price Index

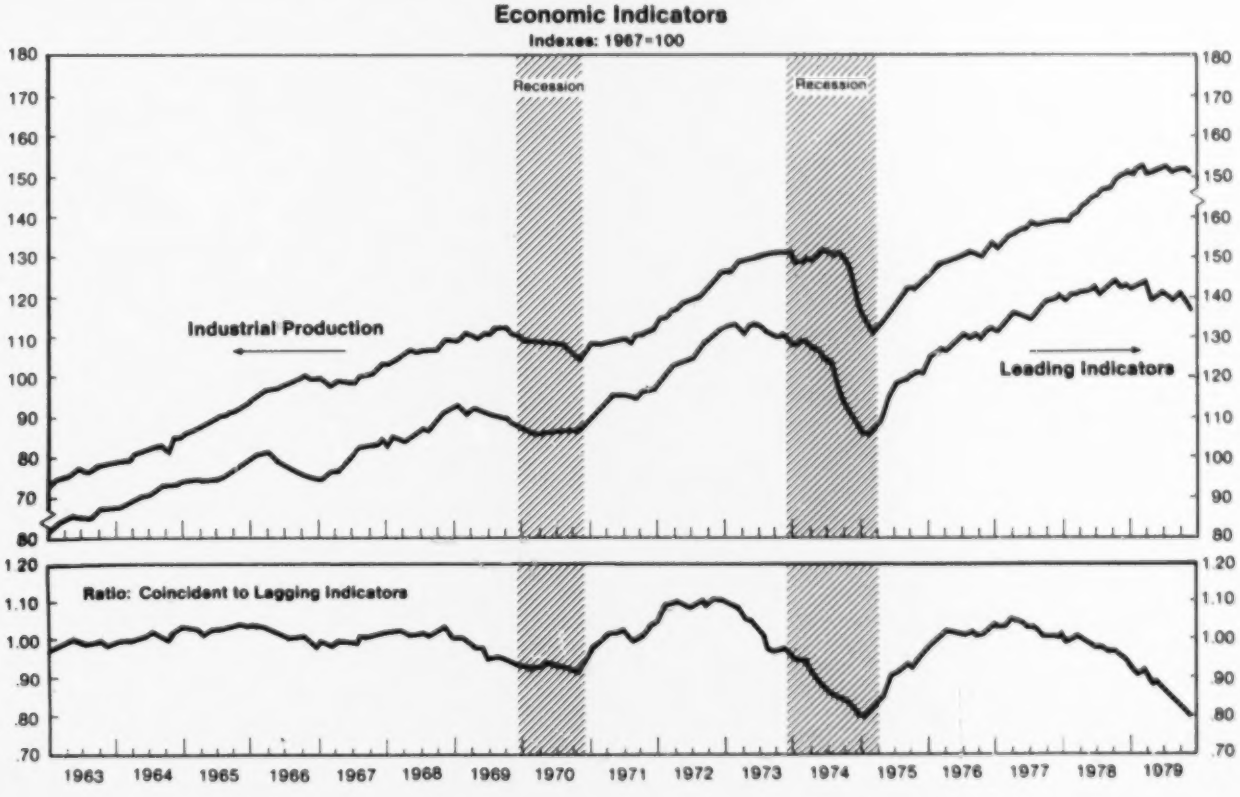


STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over latest three months	Change From Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Nov.			X	— 2.2%	— 4.3%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Nov.		X		+ 6.8%	— 4.3%
New orders, nondefense capital goods (deflated)	Nov.		X		+ 3.1%	— 3.8%
*Net business formation	Sept.	X			+ 1.6%	+ 0.1%
*Housing permits	Nov.			X	—23.4%	—31.2%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Nov.			X	— 4.1%	—10.3%
*Change in inventory, on hand & order (deflated)	Oct.			X	—11.6%	—11.3%
Purchasing agents' buying policy	Nov.		X		— 2 %	—10 %
*Vendor performance, reported slower deliveries	Nov.			X	—14.5%	—28.8%
Industrial raw materials prices	Dec.	X			+ 3.9%	+22.7%
*Change in sensitive prices	Nov.	X			+ 0.8%	+ 1.3%
Sensitive Financial Flows						
*Money balance (M2, deflated)	Nov.			X	— 0.8%	— 4.1%
Change in business loans	Dec.			X	—57.8%	— 7.2%
*Change in liquid assets	Nov.		X		0.0%	— 0.1%
Change in consumer installment debt	Oct.		X		— 3.9%	—14.3%
Profitability						
Total corporate profits, after tax (deflated)	3rd Q	X			+ 3.8%	+ 9.0%
*Common stock prices	Dec.		X		— 3.6%	+ 8.9%
Marginal Employment Adjustments						
*Average workweek, mfg.	Nov.		X		— 0.1%	— 0.7%
Initial unemployment claims (inverted)	Nov.			X	— 6.1%	—25.4%
*Layoff rate, mfg. (inverted)	Nov.		X		— 0.2%	+ 0.4%

Note: For historical data of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Business Conditions Digest*, (Washington, D.C.: Government Printing Office, July, 1978, p. 100. For a description of the index, see November, 1975, page V)

*These twelve series make up the composite leading index charted below.



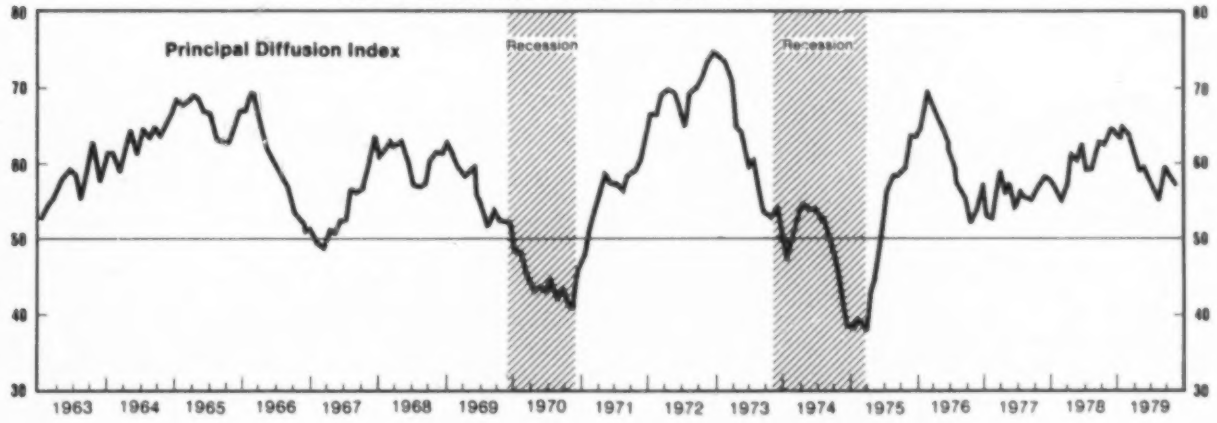
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1978 Nov.	1979 Aug.	Sept.	Oct.	Nov.(e)
Principal Diffusion Index	68.9	55.6	59.6	58.4r	55.2
Auxiliary Diffusion Index	53.6	45.5	62.7	46.4r	39.6
Industrial Group	68.5	46.7	50.6	50.8	47.5
Nonindustrial Group	69.4	64.6	68.5	66.0r	62.9
Sense of Diffusion	1.0	0.0	1.0	1.0	0.0
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	82.3	58.5	58.8r	59.4r	60.3
Labor	64.2	36.2	44.5r	48.1r	44.0
Miscellaneous	58.3	55.1	53.8	44.9	37.2
Nonindustrial Subgroups					
Prices	68.6	71.8	76.3	73.1	62.2
Consumer	86.3	73.9	77.4	70.5	69.2
Building	68.6	44.9	52.6	52.6	44.9
Miscellaneous	53.6	63.7	65.0	65.8r	69.2

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would register 50. On the other hand, if all 20 series rose in each of the last six months after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

p—preliminary e—estimate r—revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1977 May	Aug.	Nov.	1978 Feb.	May	Aug.	Nov.	1979 Feb.	May	Aug.	Nov.
	Score (scale 0-100)										
Measure of Business Confidence	71	59	52	52	58	49	40	43	41	32	32
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	74	62	48	46	60	56	45	47	47	28	29
2. Expectations for Economy, Six Months Ahead	70	56	49	49	54	42	33	36	33	29	29
3. Expectations for Own Industry, Six Months Ahead	69	60	58	59	60	49	43	46	43	38	38

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question, and the overall Measure of Business Confidence, thus can range from 0 to 100.

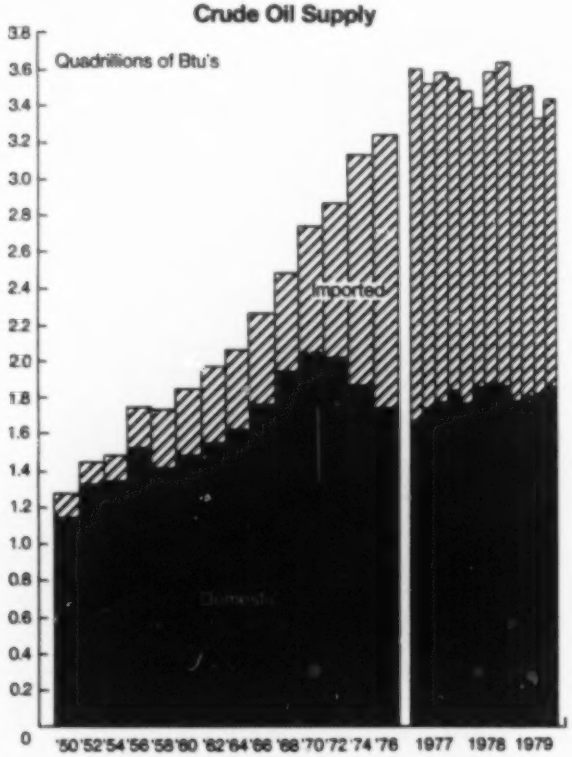
CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

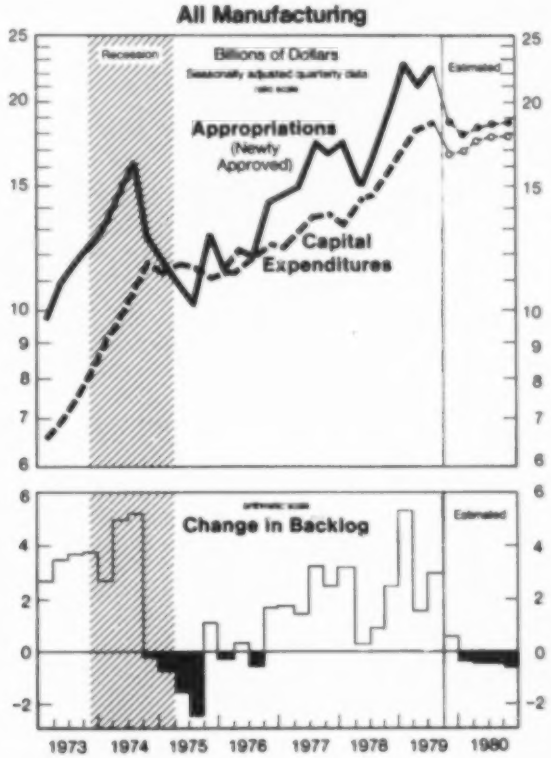
Billions of Dollars, Seasonally Adjusted

	1978			1979				1980			
								PROJECTIONS			
	IIr	IIIr	IVr	Ir	IIr	IIIp	IV	I	II	III	IV
1000 LARGEST MANUFACTURING FIRMS											
Newly approved	15.118	16.174	18.749	22.585	21.033	22.520	18.6	17.8	18.3	18.5	18.6
Capital expenditures	14.367	14.566	15.827	16.648	18.027	18.553	16.7	16.9	17.5	17.7	17.8
Change in appropriations backlog	+0.246	+0.859	+2.593	+5.252	+1.468	+3.579	+0.5	−0.3	−0.4	−0.4	−0.5
Durable Goods											
Newly approved	7.456	8.443	9.869	11.114	10.672	9.992	8.6	8.7	8.4	7.7	7.4
Capital expenditures	6.503	6.689	7.165	7.793	8.379	8.982	8.1	8.3	8.3	8.2	7.8
Change in appropriations backlog	+0.730	+1.495	+2.676	+3.149	+1.970	+0.908					
Nondurable Goods											
Newly approved	7.662	7.731	8.880	11.471	10.361	12.528	10.0	9.1	10.0	10.8	11.3
Capital expenditures	7.864	7.877	8.662	8.855	9.648	9.571	8.6	8.6	9.2	9.6	10.0
Change in appropriations backlog	−0.484	−0.636	−0.083	+2.103	−0.502	+2.671					
ELECTRIC & GAS UTILITIES											
Appropriations	5.765	8.719	10.281	7.077	5.773	12.635					
Capital expenditures	6.283	6.514	7.025	7.173	7.120	7.237					
Change in appropriations backlog	−1.242	−3.185	+2.471	−3.601	−3.944	+4.762					

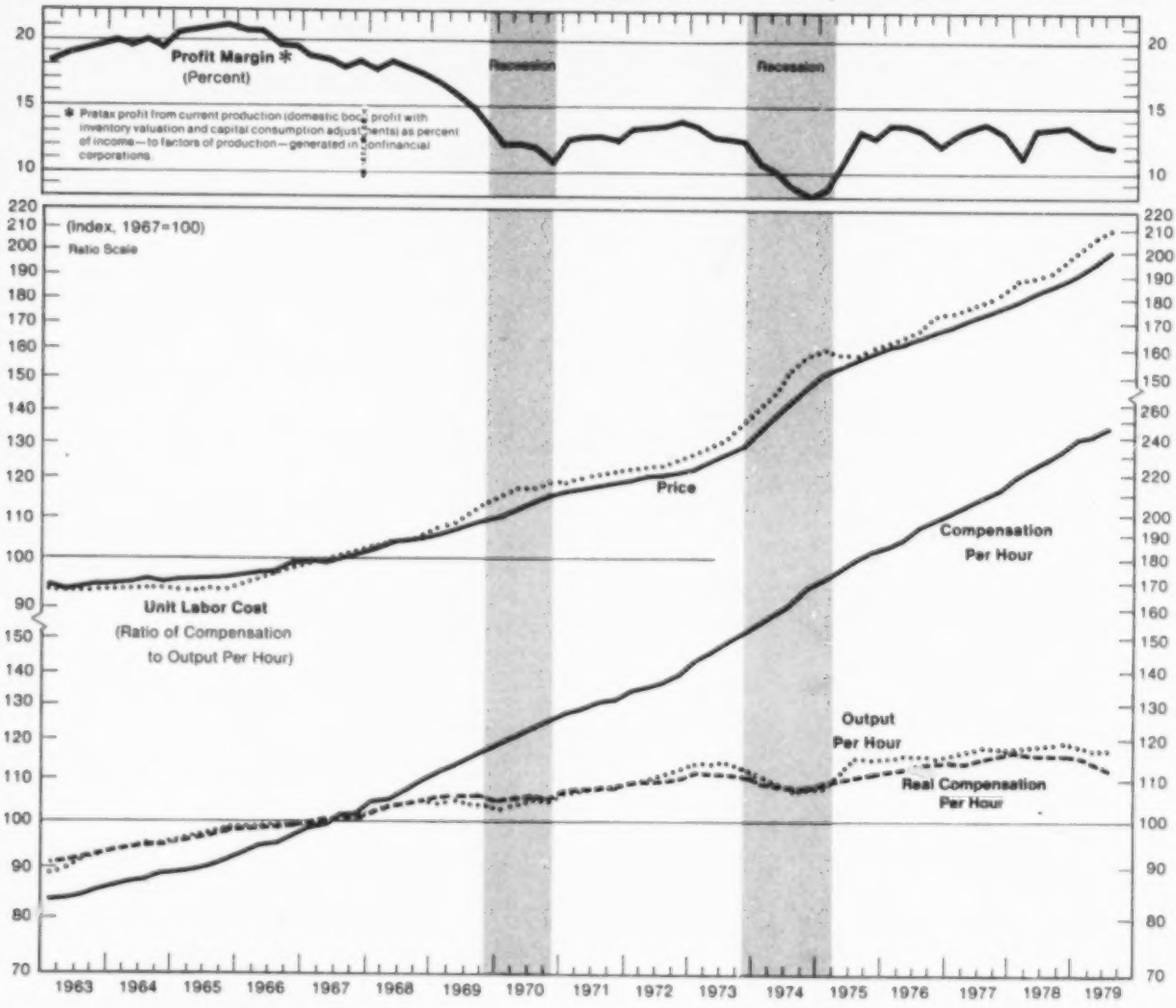
Note: Historical data from 1953 (manufacturing) and from 1958 (utilities) are available on request. Projections are based on The Conference Board's capital appropriations forecasting model.

r—revised p—preliminary

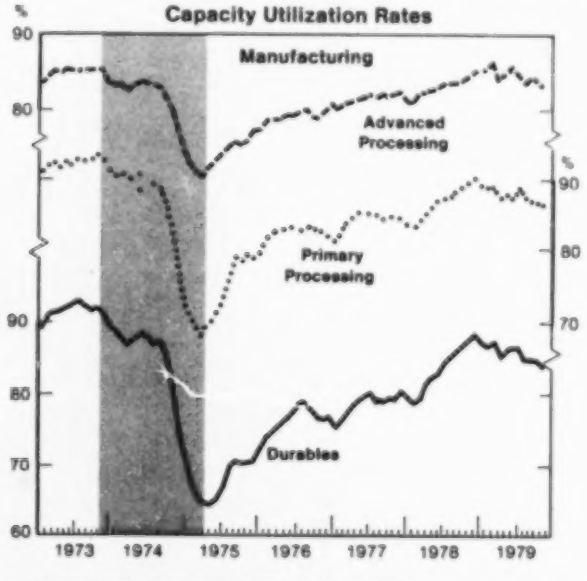




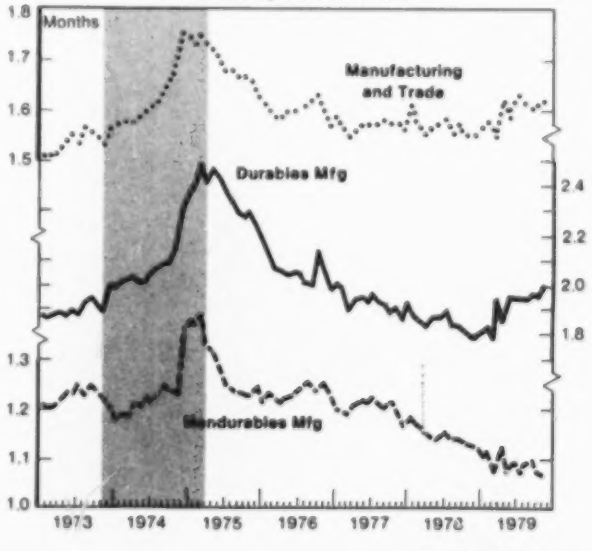
Key Determinants of Profit Margin–Nonfinancial Corporations



Capacity Utilization Rates



Inventory-Sales Ratios



Sources: Bureau of Economic Analysis; Bureau of Labor Statistics

Seasonally Adjusted

ECONOMIC FORECASTS

			ASA-NBER Survey of Regular Forecasters[1]		Merrill Lynch Economics Inc.[2]		Kent Economic Institute[2]		Michigan Research Seminar in Quantitative Economics[1]	
Date of Forecast			Nov., 1979		Dec., 1979		Dec., 1979		Nov., 1979	
			Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change
Gross National Product Current Dollars										
Actual	**1979**	**III**			**$2396.5**	**12.0%**	**$2396.5**	**12.0%**		
Forecast	1979	IV	$2434.0	7.3%	2455.5	10.2	2418.9	3.8	$2450.7	10.3%
	1980	I	2464.0	5.0	2470.4	2.4	2455.0	6.1	2500.0	8.3
		II	2497.0	5.5	2493.8	3.8	2522.8	11.5	2543.0	7.1
		III	2550.0	8.8	2533.4	6.5	2607.5	14.1	2589.9	7.6
		IV	2616.0	10.8	2596.2	10.3	2678.6	11.4	2649.4	9.5
	1981	I			2674.6	12.6	2724.9	7.1	2706.8	8.9
		II			2747.5	11.4	2798.2	11.2	2771.1	9.9
		III			2833.7	13.2	2903.2	15.9		
	1979	Annual	2361.8	11.0	2368.5	11.3	2359.3	10.9	2366.0	11.2
	1980	Annual	2531.7	7.2	2523.4	6.5	2566.0	8.8	2570.6	8.6
Gross National Product Constant (1972) Dollars										
Actual	**1979**	**III**			**$1433.3**	**3.1%**	**$1433.3**	**3.1%**		
Forecast	1979	IV	$1425.0	−1.6%	1433.4	0.0	1421.2	−3.3	$1431.4	0.2%
	1980	I	1410.3	−4.1	1412.0	−5.8	1415.8	−1.5	1428.1	−0.9
		II	1400.4	−2.8	1397.3	−4.1	1418.9	0.9	1424.1	−1.1
		III	1406.5	1.8	1391.7	−1.6	1432.7	3.9	1422.8	−0.3
		IV	1417.3	3.1	1399.4	2.2	1443.2	3.0	1425.8	0.8
	1981	I			1415.4	4.7	1450.2	2.0	1428.9	0.9
		II			1428.1	3.6	1463.5	3.7	1434.9	1.7
		III			1446.5	5.3	1473.7	2.8		
	1979	Annual	1427.2	2.0	1429.9	2.2	1426.8	2.0	1427.9	2.0
	1980	Annual	1408.6	−1.3	1400.1	−2.1	1427.6	0.1	1425.2	−0.2
Gross National Product Deflator Index, 1972 = 100										
Actual	**1979**	**III**			**167.2**	**8.6%**	**167.2**	**8.6%**		
Forecast	1979	IV	171.0	9.7%	171.3	10.2	170.2	7.4	171.2	10.1%
	1980	I	174.4	8.2	175.0	8.8	173.4	7.7	175.1	9.3
		II	178.0	8.5	178.5	8.3	177.8	10.5	178.6	8.3
		III	181.6	8.3	182.0	8.2	182.0	9.8	182.0	8.0
		IV	185.0	7.7	185.5	7.9	185.6	8.2	185.8	8.6
	1981	I			189.0	7.6	187.9	5.0	189.4	8.0
		II			192.4	7.4	191.2	7.2	193.1	8.0
		III			195.9	7.5	197.0	12.7		
	1979	Annual	165.5	8.9	165.6	9.0	165.4	8.8	165.6	9.0
	1980	Annual	179.7	8.6	180.2	8.8	179.7	8.7	180.4	8.9
Unemployment Rate										
Actual	**1979**	**III**			**5.8%**		**5.8%**			
Forecast	1979	IV	6.2%		5.9		6.1		6.1%	
	1980	I	6.8		6.8		7.1		6.4	
		II	7.4		7.7		6.9		6.9	
		III	7.4		8.2		6.6		7.3	
		IV	7.5		8.5		6.7		7.6	
	1981	I			8.6		6.3		7.9	
		II			8.6		6.5		8.1	
		III			8.4		6.4			
	1979	Annual	5.8		5.8		5.8		5.8	
	1980	Annual	7.3		7.8		6.8		7.1	

Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.

[1]Based on preliminary third quarter data.

[2]Based on revused (second revision) third quarter data.

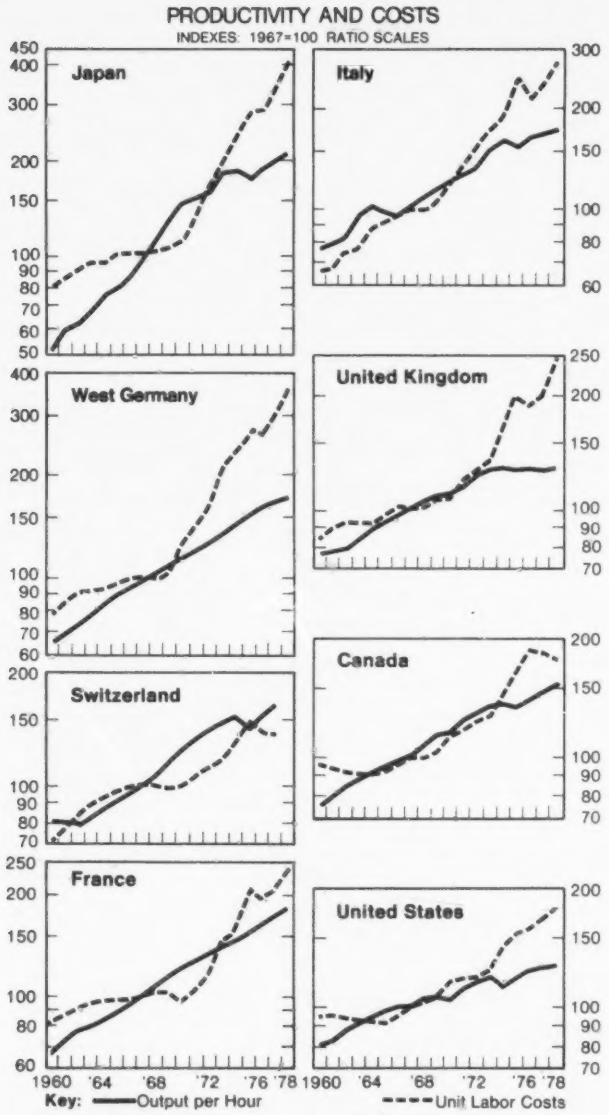
[3]Based on revised (first revision) third quarter data.

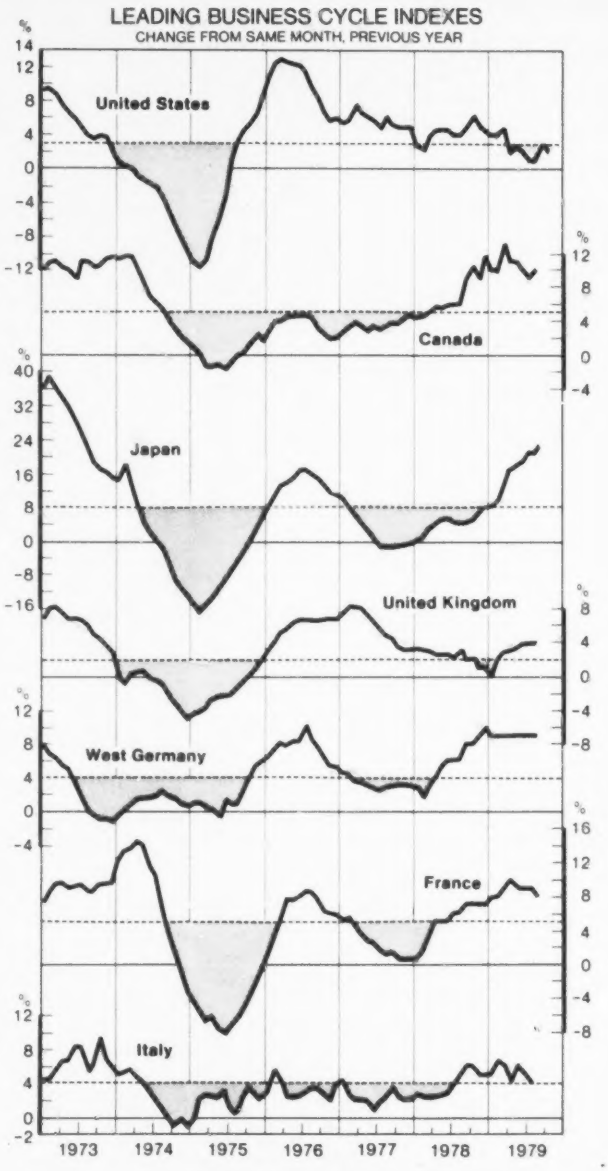
ECONOMIC FORECASTS (continued)

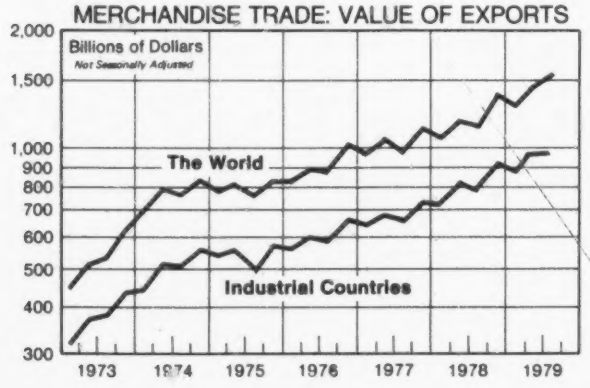
The Conference Board[3]		Chase Econometric Associates, Inc.[2]		Data Resources Inc.[2]		Wharton E.F.A. Inc.[2]				
Nov., 1979		Dec., 1979		Dec., 1979		Dec., 1979				
Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change			
								Gross National Product Current Dollars		
		$2396.5	**12.0%**	**$2396.5**	**12.0%**	**$2396.5**	**12.0%**	**III**	**1979**	**Actual**
$2446.0	**8.7%**	2445.7	8.5	2456.1	10.3	2464.9	11.9	IV	1979	Forecast
2465.0	3.1	2445.1	—0.1	2489.0	5.5	2505.5	6.6	I	1980	
2493.0	4.6	2480.5	5.9	2524.3	5.8	2548.5	7.0	II		
2529.0	5.9	2528.4	8.0	2577.7	6.7	2601.1	8.5	III		
2601.0	11.9	2603.1	12.4	2645.7	11.0	2674.9	11.8	IV		
		2667.9	10.3	2726.7	12.8	2751.9	12.0	I	1981	
		2744.6	12.0	2817.6	14.0	2829.0	11.7	II		
		2818.0	11.1	2915.2	14.6	2899.8	10.4	III		
2365.8	11.2	2366.0	11.2	2368.6	11.3	2370.8	11.4	Annual	1979	
2522.0	6.6	2514.3	6.3	2559.2	8.0	2582.5	8.9	Annual	1980	
								Gross National Product Constant (1972) Dollars		
		$1433.3	**3.1%**	**$1433.3**	**3.1%**	**$1433.3**	**3.1%**	**III**	**1979**	**Actual**
$1434.4	**0.0%**	1430.3	—0.8	1431.2	—0.6	1435.1	0.5	IV	1979	Forecast
1417.6	—4.6	1405.4	—6.8	1417.8	—3.7	1424.1	—3.0	I	1980	
1406.9	—3.0	1398.5	—1.9	1406.0	—3.3	1417.1	—2.0	II		
1403.3	—1.0	1398.5	0.0	1404.2	—0.5	1419.1	0.6	III		
1418.1	4.3	1410.6	3.5	1408.6	1.3	1428.9	2.8	IV		
		1422.5	3.4	1420.5	3.4	1438.6	2.7	I	1981	
		1432.9	3.0	1436.5	4.6	1450.9	3.5	II		
		1443.0	2.8	1454.8	5.2	1463.6	3.5	III		
1430.4	2.2	1429.1	2.1	1429.3	2.2	1430.3	2.2	Annual	1979	
1411.5	—1.3	1403.2	—1.8	1409.1	—1.4	1422.3	—0.8	Annual	1980	
								Gross National Product Deflator Index, 1972 = 100		
		167.2	**8.8%**	**167.2**	**8.8%**	**167.2**	**8.8%**	**III**	**1979**	**Actual**
170.5	8.7%	171.0	9.4	171.6	11.0	171.8	11.4	IV	1979	Forecast
173.9	8.1	174.0	7.2	175.6	9.5	175.9	10.1	I	1980	
177.2	7.8	177.4	8.0	179.5	9.4	179.8	9.2	II		
180.2	7.0	180.8	8.0	183.6	9.3	183.3	7.9	III		
183.4	7.3	184.5	8.5	187.8	9.6	187.2	8.8	IV		
		187.6	8.7	192.0	9.1	191.3	9.0	I	1981	
		191.5	8.8	196.1	9.0	195.0	7.9	II		
		195.3	8.1	200.4	8.9	198.1	6.6	III		
165.4	8.8	165.6	8.9	165.7	9.0	165.7	9.0	Annual	1979	
178.7	8.0	179.2	8.2	181.6	9.6	181.6	9.5	Annual	1980	
								Unemployment Rate		
		5.8%		**5.8%**		**5.8%**		**III**	**1979**	**Actual**
6.2		6.0		6.0		5.9		IV	1979	Forecast
6.9		6.8		6.5		6.5		I	1980	
7.6		7.8		7.0		7.0		II		
8.1		8.1		7.4		7.4		III		
8.0		8.2		7.7		7.6		IV		
		8.3		7.9		7.7		I	1981	
		8.3		7.9		7.8		II		
		8.2		7.8		7.8		III		
5.8		5.8		5.8		5.8		Annual	1979	
7.6		7.7		7.1		7.1		Annual	1980	

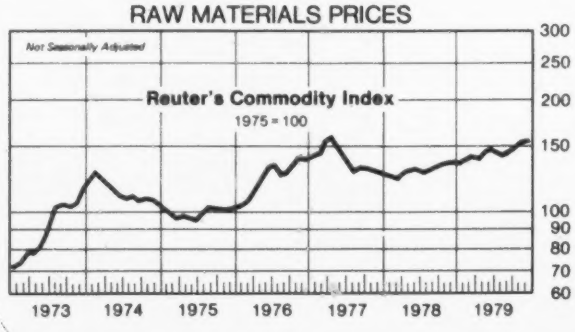
Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on line through The Conference Board Data Base. For more information, contact Linette Stein or Ken Goldstein at (212) 759-0900.

Selected International Comparisons

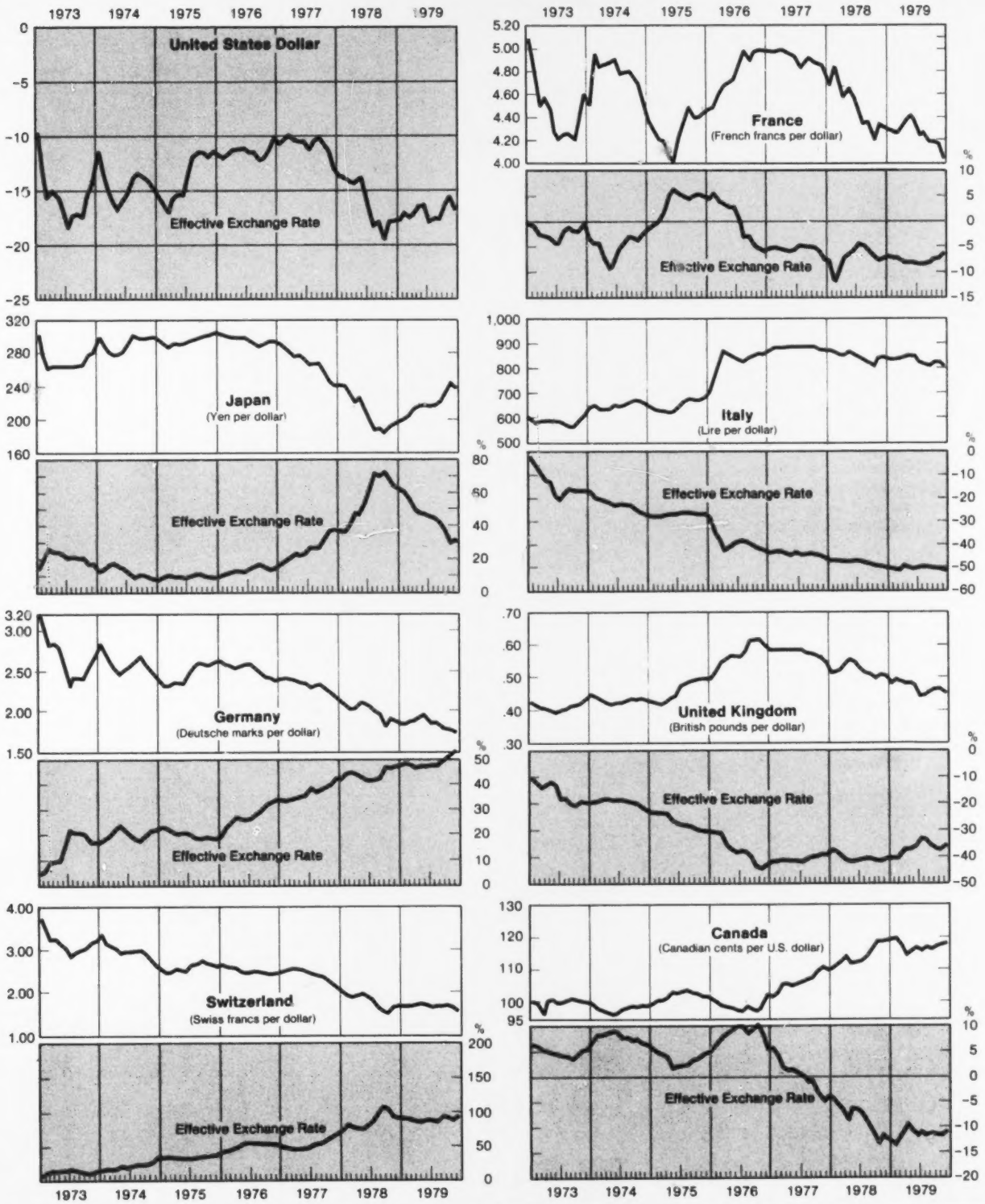








Exchange Rates – Foreign Countries



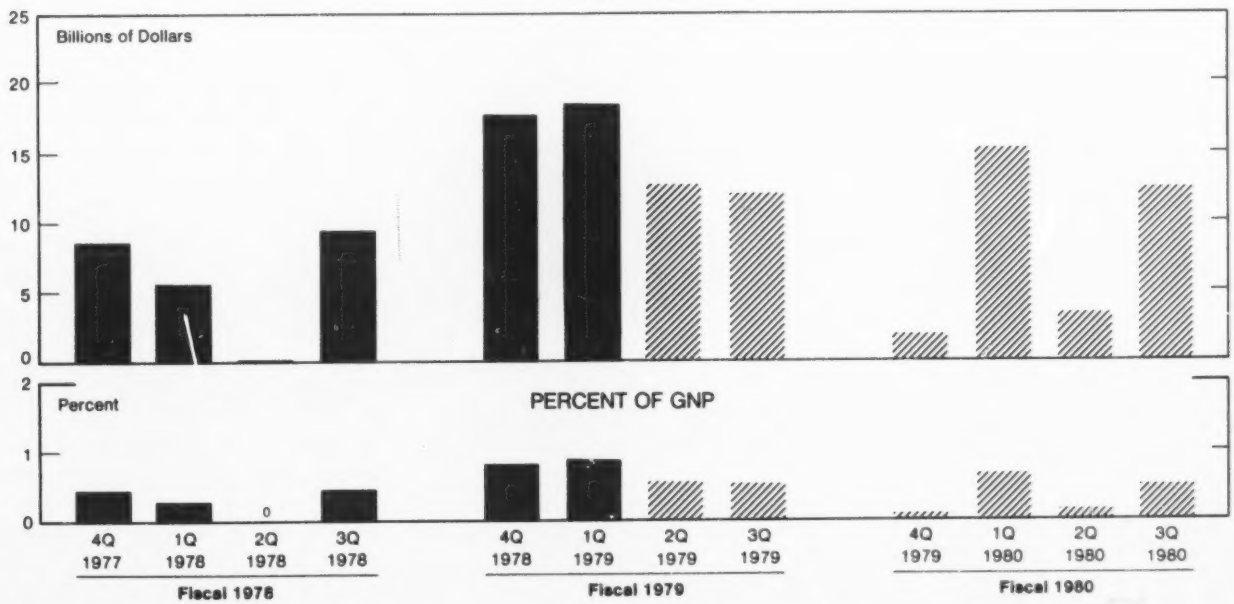
Effective Exchange Rate for each country indicates changes vis-a-vis a group of 15 major currencies weighted according to the average bilateral manufactures trade of 1976; changes are in percent from pre-June 1970 parities, based on monthly averages of daily rates.

PERSPECTIVE ON THE FEDERAL BUDGET
($ Billions)

	Fiscal 1979		Fiscal 1980		
	Current Services (1/23/78)	Actual (10/25/79)	Current Services (1/22/79)	President's Proposal (7/7/79)	Second Congressional Resolution (11/16/79)
Receipts	**$463.8**	**$465.9**	**$504.5**	**$513.8**	**$517.8**
Outlays	**492.4**	**493.6**	**536.1**	**542.4**	**547.6**
Deficit	**−28.5**	**−27.7**	**−31.6**	**−28.7**	**−29.8**
Receipts by source	**463.8**	**465.9**	**504.5**	**513.8**	**517.8**
Individual income taxes	214.0	217.8	229.6	234.2	236.5
Corporate income taxes	68.8	65.7	71.0	71.5	74.0
Social insurance	142.5	141.6	161.2	162.6	162.9
Other receipts	38.5	40.8	42.7	45.5	44.4
Outlays by function	**492.4**	**493.6**	**536.1**	**542.4**	**547.6**
Income security	159.2	160.3	179.5	185.2	190.0
National defense	116.8	116.5	125.5	126.7	129.9
Health	50.3	49.6	55.1	54.4	54.5
Education and manpower	29.4	28.5	31.0	30.1	31.0
Veterans' benefits	18.9	19.9	20.4	20.8	20.8
Transportation	17.1	17.0	18.0	18.3	18.6
Natural resources and environment	12.0	12.3	11.8	11.5	11.9
Revenue sharing	9.5	8.2	9.2	9.0	9.1
International affairs	7.4	5.4	7.9	8.8	8.4
Community development	8.5	9.7	7.2	7.5	8.3
Energy	7.6	7.9	8.0	8.5	7.3
General science	5.1	5.6	5.4	5.7	5.7
Justice	4.1	4.1	4.3	4.4	4.4
General government	4.2	4.7	4.2	4.4	4.2
Commerce and housing credit	3.1	2.6	3.4	3.2	2.8
Agriculture	5.5	6.4	5.0	2.5	2.5
Interest	48.7	52.6	57.1	57.8	58.1
Allowances	1.1	—	2.1	2.1	— 0.2
Undistributed offsetting receipts	−16.1	−18.1	−19.0	−18.7	−19.7

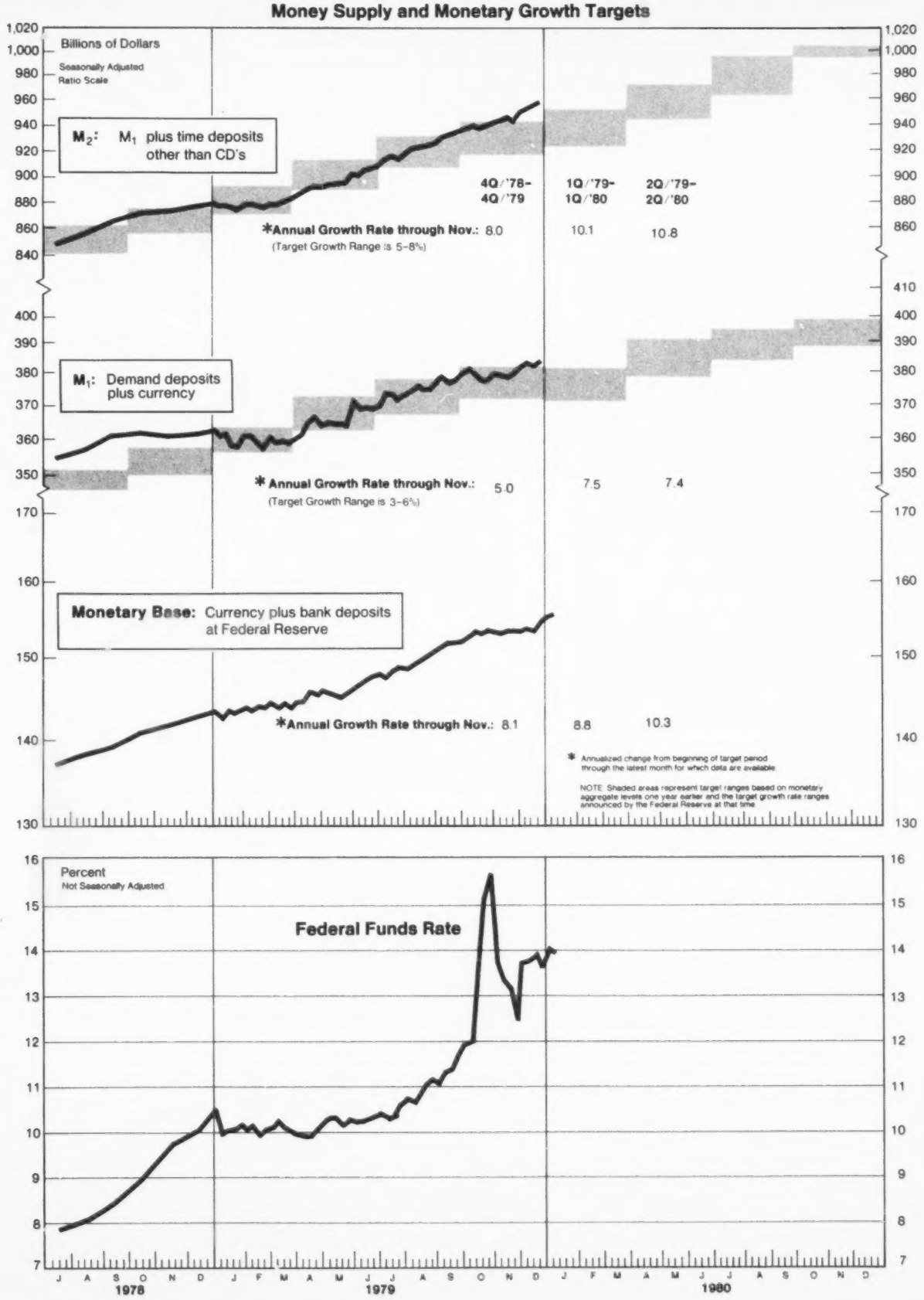
Sources: Office of Management and Budget; Congressional Budget Office.

Fiscal Thrust



Note: The Conference Board has developed estimates of fiscal thrust which measure the initial economic impact of the budget which then results in subsequent rounds of spending associated with the "multiplier effect" within the private sector of the economy. For more complete descriptions, see Michael Levy, *The Federal Budget: Its Impact on the Economy*, Fiscal 1977, No. 2, The Conference Board, New York, 1976.

Money Supply and Monetary Growth Targets


Billions of Dollars
Seasonally Adjusted
Ratio Scale
M2: M1 plus time deposits other than CD's
4Q/'78-4Q/'79
1Q/'79-1Q/'80
2Q/'79-2Q/'80
*Annual Growth Rate through Nov.: 8.0
10.1
10.8
(Target Growth Range is 5-8%)
M1: Demand deposits plus currency
* Annual Growth Rate through Nov.: 5.0
7.5
7.4
(Target Growth Range is 3-6%)
Monetary Base: Currency plus bank deposits at Federal Reserve
*Annual Growth Rate through Nov.: 8.1
8.8
10.3
* Annualized change from beginning of target period through the latest month for which data are available
NOTE: Shaded areas represent target ranges based on monetary aggregate levels one year earlier and the target growth rate ranges announced by the Federal Reserve at that time.
Percent
Not Seasonally Adjusted
Federal Funds Rate
J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D
1978
1979
1980

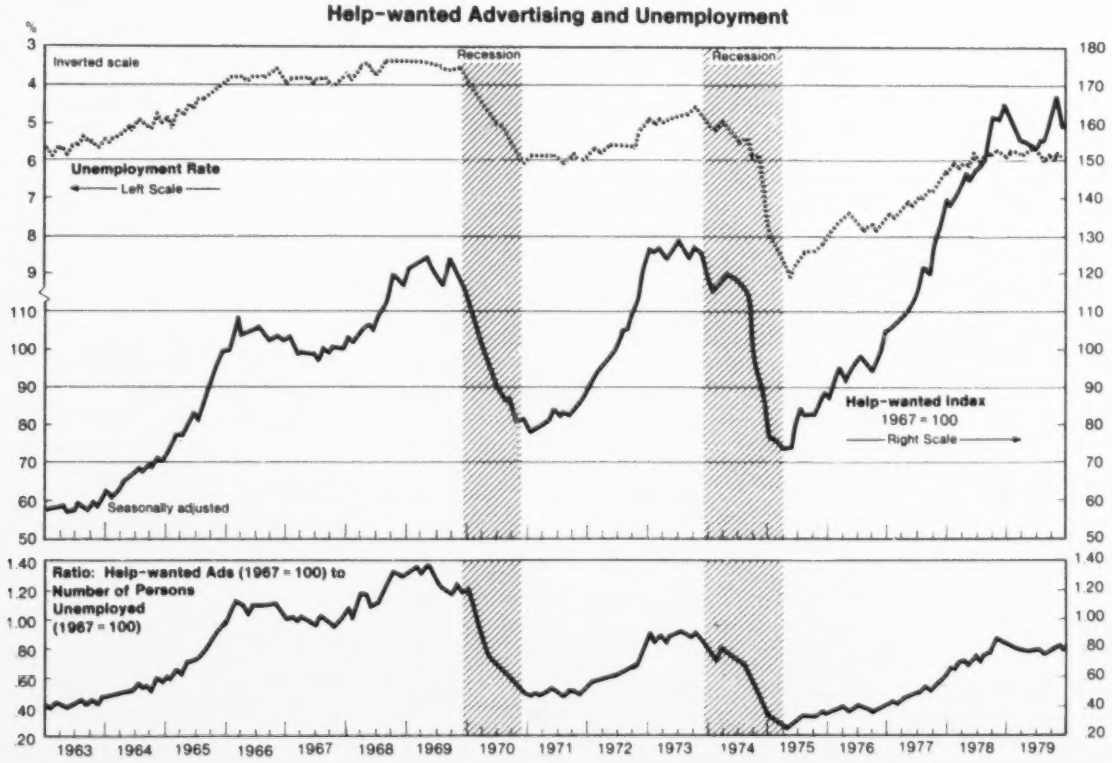
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

Seasonally Adjusted Indexes, 1967 = 100

	1979			1978
	Nov.	Oct.	Sept.	Nov.
Total Index 51 papers	158	167r	159	161
New England	142	149	140	143
Boston	149	156	143	143
Hartford	167	171	178	164
Providence	96	104	94	125
Middle Atlantic	71	75	74	70
Albany	104	117	103	106
Allentown	146	177	145	158
New York	59	61	63	54
Philadelphia	69	70	69	70
Pittsburgh	94	101	102	103
Rochester	83	88	75	75
Syracuse	103	95	98	100
East North Central	111	116	115	131
Chicago	111	115	111	122
Cincinnati	155	166	159	181
Cleveland	100	106	111	124
Columbus	153	155	151	178
Dayton	97	99	95	109
Detroit	76	83	81	108
Gary	167	153	161	183
Indianapolis	134	137	133	160
Milwaukee	112	122	127	124
Toledo	130	138	139	174
West North Central	129	136r	130	140
Kansas City	151	159	151	179
Minneapolis	161	167	158	153
Omaha	151	171r	n.a.	175
St. Louis	78	83	80	n.a.
South Atlantic	166	172	161	154
Atlanta	259	265	238	233
Baltimore	108	114	113	104
Charlotte	139	150	148	142
Jacksonville	132	127	121	129
Miami	173	184	178	167
Richmond	102	103	104	105
Washington, D. C.	172	178	161	151
East South Central	156	159	158	170
Birmingham	182	176	174	196
Knoxville	233	246	227	228
Louisville	98	106	103	122
Memphis	121	131	126	117
Nashville	192	187	202	225
West South Central	311	330	309	314
Dallas	278	303	283	281
Houston	474	481	453	459
New Orleans	187	216	188	204
Oklahoma City	242	249	241	257
San Antonio	182	217	192	188
Tulsa	225	254	264	269
Mountain	374	424r	368	393
Denver	296	364r	283	324
Phoenix	424	470	436	389
Salt Lake City	456	475	439	532
Pacific	235	248	236	222
Los Angeles	207	219	206	196
Sacramento	325	329	299	313
San Bernardino	193	193	185	170
San Diego	385	419	398	349
San Francisco	230	239	227	214
Seattle	259	275	286	261
Percentage of papers with rising volume	10%	76%	53%	43%
Unemployment rate	5.8%	6.0%	5.8%	5.8%

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
n.a.—not available r—revised

Help-wanted Advertising and Unemployment



CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1969-1970 = 100

Monthly beginning July 1977; bimonthly before that date

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1977	90.3		85.2		89.2		88.7	89.7	87.6	86.9	90.1	99.8
1978	105.2	103.8	97.3	96.9	88.8	92.5	88.8	91.4	95.4	101.4	91.8	94.0
1979	94.0	94.1	85.8	81.5	79.5	76.8	67.1	64.9	76.8	85.1	85.1r	81.6p

Buying Plans Index

1977	113.8		110.2		121.8		128.7	133.4	117.7	121.3	124.5	136.9
1978	134.3	120.7	124.3	109.5	97.1	121.7	91.2	104.0	104.2	116.9	106.4	103.1
1979	95.8	116.3	115.6	101.2	93.8	96.2	91.2	98.0	120.3	127.9	116.2r	105.6p

Confidence Index measures consumer optimism in appraising economic conditions. Buying Plans Index is based on intentions to purchase cars, homes, appliances. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary r—revised

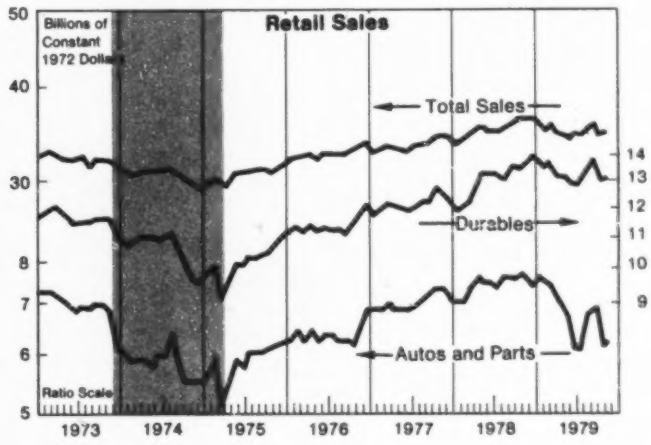
CONFERENCE BOARD ESTIMATES OF DISCRETIONARY PURCHASING POWER AND SPENDING

Billions of Dollars; Quarterly Data are Seasonally Adjusted at Annual Rates

		Aggregate Purchasing Power	Discretionary Purchasing Power	Discretionary Saving	Discretionary Spending	Discretionary Purchasing Power as % of Aggregate	Discretionary Spending as % of Aggregate	Discretionary Spending as % of Discretionary Purchasing Power
1975	I	$1075.2	$399.5	$ 67.5	$332.0	37.2%	30.9%	83.1%
	II	1155.6	469.7	125.2	344.5	40.6	29.8	73.3
	III	1160.5	453.4	125.8	327.6	39.1	28.2	72.3
	IV	1220.9	485.4	118.8	366.6	39.8	30.0	75.5
1976	I	1258.3	499.9	133.5	366.4	39.7	29.1	73.3
	II	1288.1	507.0	120.3	386.7	39.4	30.0	76.3
	III	1308.4	514.5	125.5	389.0	39.3	29.7	75.6
	IV	1343.4	533.7	118.2	415.5	39.7	30.9	77.9
1977	I	1394.3	560.4	139.4	421.0	40.2	30.2	75.1
	IIr	1432.2	583.3	143.2	440.1	40.7	30.7	75.4
	IIIr	1520.5	602.0	171.0	431.0	39.6	28.3	71.6
	IVr	1526.1	624.9	146.1	478.8	40.9	31.4	76.6
1978	Ir	1559.9	648.3	141.4	506.9	41.6	32.5	78.2
	IIr	1633.1	680.8	176.8	504.0	41.7	30.9	74.0
	IIIr	1672.4	693.1	184.2	508.9	41.4	30.4	73.4
	IVr	1701.4	690.9	150.3	540.6	40.6	31.8	78.2
1979	Ip	1746.1	712.2	149.5	562.7	40.8	32.2	79.0

Note: For an explanation of discretionary purchasing power and spending, see Morton Ehrlich, *Discretionary Spending*, (The Conference Board, 1966).

P—Preliminary R—Revised



CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1976	1977	1978	1979
January:	1-10	8.27	9.95	9.54	10.32
	11-20	8.54	9.81	8.28	9.85
	21-31	9.00	8.36	7.73	8.91
February:	1-10	8.31	9.87	8.03	9.38
	11-20	9.25	8.53	9.52	9.64
	21-28(29)	8.83	8.80	8.07	8.65
March:	1-10	8.45	10.04	8.65	9.12
	11-20	8.28	8.25	11.20	9.96
	21-31	9.39	10.01	8.59	8.73
April:	1-10	8.55	8.12	10.26	9.69
	11-20	9.21	9.47	9.67	8.09
	21-30	8.71	9.42	10.09	9.02
May:	1-10	8.64	9.25	10.10	8.97
	11-20	9.27	8.77	9.77	7.44
	21-31	7.88	9.04	10.22	8.42
June:	1-10	8.64	9.57	9.75	6.99
	11-20	8.16	9.27	10.33	7.67
	21-30	9.14	9.06	8.83	6.55
July:	1-10	8.16	9.38	10.18	8.28
	11-20	8.77	8.02	8.40	7.61
	21-31	8.16	8.58	8.56	8.38
August:	1-10	8.92	8.89	9.49	7.84
	11-20	7.57	8.84	8.38	10.25
	21-31	7.56	9.32	9.76	8.30
September:	1-10	7.99	8.84	7.50	8.67
	11-20	8.21	8.81	8.75	9.01
	21-30	8.39	7.80	8.47	6.82
October:	1-10	8.33	9.56	9.68	6.32
	11-20	8.18	9.51	9.28	8.75
	21-31	7.79	9.73	10.05	8.18
November:	1-10	8.53	9.73	9.17	6.84
	11-20	8.86	10.42	9.61	8.22
	21-30	9.68	9.19	9.53	7.26
December:	1-10	9.11	8.52	10.56	8.05
	11-20	10.29	9.23	8.72	7.94
	21-31	9.56	9.06	8.40	8.04

Note: Dealer sales exclude exports and imported foreign-model cars (unless manufactured domestically). Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board.